Financial Statements and Independent Auditor's Report

Green Insurance Georgia JSC

31 December 2021

Contents

Independent auditor's report

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To the shareholder's of JSC Green Insurance Georgia

Opinion

We have audited the financial statements of Green Insurance Georgia JSC (the "Company"), which comprise the statement of financial position as of 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management report

Management is responsible for the Management Reporting. The Management Reporting, which was prepared by the management only in Georgian language, comprises the information about the activities of the Company, risk analysis, future plans and other matters as required by the Law of Georgia on Accounting, Reporting and Auditing.

In connection with our audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the Management Report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

In addition, we are required by the Law of Georgia on Accounting, Reporting and auditing to express an opinion whether certain parts of the Management Report comply with respective regulatory normative acts and to consider whether the Management Report includes the information required by the Law of Georgia on Accounting, Reporting and Auditing.

Based on the work performed in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Management Report includes the information required by the Law of Georgia on Accounting, Reporting and Auditing and complies with respective regulatory normative acts.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Insurance premiums	*Audit procedures*
Insurance premiums are the Company's primary source of income. Gross written premium (GWP) comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. Earned Premium represents the part of the premium earned during the reporting period. In our view, premium recognition is significant to our audit as the Company may inappropriately account for insurance policies, and the fact that nature of the account is significant, connections to other items in the financial statements and sensitivity of other items.	With respect to Gross Written Premium in respect of various types of insurance, we carried out the following procedures: ► Carried out analytical procedures and recalculated Premiums income for the period; ► Carried out cut-off procedures to ensure that Unearned premium income has not been included in the premium income; ► On a sample basis reviewed signed insurance Contracts and policies to ensure that information submitted in premium register is consistent; ► Tested insurance contracts on a sample bases in regard of the proper level of reinsurance; ► Ensured that reinsurance premiums were deducted from gross premiums; ► We examined the controls implemented in the company and tested them in terms of effectiveness; ► We assessed the disclosures in the financial statements on premium income.

Insurance Claims	*Audit procedures*
Insurance claims are the significant area of expense for the Company. Total claims incurred include paid claims and claims reported but not settled (RBNS) and incurred but not reported claims (IBNR). It's critical for insurance companies to determine the amount of insurance losses and therefore to recognize them correctly. The payment of claims was considered to be one of the areas which required significant auditor attention and was one of the matter of most significance in the financial statements.	With respect to insurance claims in respect of various types of insurance we carried out the following Procedures: ► Obtained the claim register and tested for completeness of claims recorded in the register on a sample bases. ► Performed test of details and analytical review procedures on the outstanding claims. ► Verified the claim paid on sample basis with payment proof and insurance contract. ► For the claims cases which has been reported but not settled we have checked the RBNS breakdown with the underlying data (Claim number, name of insured, line of insurance, amount, accident date, report date, transaction date and ect.) ► We examined the controls implemented in the company and tested them in terms of effectiveness; ► We assessed the appropriateness and presentation of disclosures towards relevant accounting standards.

Other Matter

The audit of the company's financial statements as of 31 December 2020 was conducted by another auditor, who expressed qualified opinion. The audited report was released on April 7, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Vakhtang Tsabadze.

Vakhtang Tsabadze

For and on behalf of Grant Thornton LLC

Managing Partner

Registered Auditor (Registered N - SARAS-A-774309)

14 April 2022

"GRANT THORNTON" LLC * 200136600 * Grant Thornton

Statement of financial position

In thousand Georgian lari	Note	As of 31 December 2021	As of 31 December 2020
Assets			
Cash and cash equivalents	14	1,507	577
Amounts due from credit institutions	13	11,359	11,706
Insurance and reinsurance receivables	12	806	601
Reinsurance assets	16	178	14
Prepayment		24	24
Tax advances		261	-
Receivable from regress		15	13
Deferred acquisition costs		153	6
Deferred tax assets		2	1
Property, Plant and equipment		23	30
Intangible assets		47	65
Right-of-use asset		101	44
		14,476	13,081
Equity			
Share capital	18	10,051	10,000
Share premium	18	51	-
Retained earnings / (Accumulated loss)		2,577	1,854
		12,679	11,854
Liabilities			
Insurance contracts liabilities	15	959	596
Other insurance liabilities		80	15
Lease liabilities		102	44
Tax liabilities		-	34
Accounts payable	17	656	538
		1,797	1,227
Total equity and liabilities		14,476	13,081

The financial statements were approved on 14 April 2022 by:

Eka Tsenteradze
General director

Levan Eliauri
Financial director

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 30

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Eka Tsenteradze	Levan Eliauri
General director	Financial director

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 30

Statement of profit or loss and other comprehensive income

In thousand Georgian lari	Note	Year ended 31 December 2021	Year ended 31 December 2020
Revenue			
Gross written premiums		3,055	2,678
Premiums ceded to reinsurers		(372)	(26)
Net written premium		2,683	2,652
Change in unearned premium provision, Gross		(351)	(198)
Change in unearned premium provision, reinsurers share		163	14
Net earned premium	4	2,495	2,468
Gross benefits and claims paid	5	(358)	(151)
Reinsurers share in claims paid		6	-
Net Change in insurance contracts liabilities		(13)	(7)
Net claims		(365)	(158)
Income received by regression	6	77	41
Acquisition costs, net of reinsurance	7	(60)	(30)
Insurance activity result		2,147	2,321
Interest income	8	591	498
Interest expense		(3)	(6)
Other income		8	33
General and administrative expenses	9	(1,305)	(1,273)
Other expenses		(10)	(375)
F/X effect on foreign currency	10	(568)	1,054
Profit before tax		860	2,252
Income tax expense	11	(137)	(399)
Net profit for the year		723	1,853
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		723	1,853

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 30.

Statement of changes in equity

In thousand Georgian lari	Share capital	Share premium	Retained earnings / (Accumulated loss)	Total equity
as of 1 January 2020	4,350	-	2,360	6,710
Profit/(loss) for the year			1,853	1,853
Issue of share capital	3,291	-	-	3,291
Retained earnings transfer to capital	2,359	-	(2,359)	-
Transactions with owners	5,650	-	(2,359)	3,291
as of 31 December 2020	10,000	-	1,854	11,854
Profit/(loss) for the year	-	-	723	723
Issue of share capital	51	51	-	102
Transactions with owners	51	51	-	102
as of 31 December 2021	10,051	51	2,577	12,679

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 30.

Statement of cash flows

In thousand Georgian lari	Note	Year ended 31 December 2021	Year ended 31 December 2020
Cash flows from operating activities			
Insurance premiums		2,440	2,063
Regress received		69	39
Other operating income		60	98
Insurance claims paid	5	(239)	(58)
Other insurance liabilities covered		(257)	(14)
Acquisition costs paid		(68)	(25)
Salaries and benefits paid		(639)	(535)
Operating taxes paid		(609)	(712)
Administrative and other expenses paid		(345)	(674)
Interest received		673	343
Net cash flows from operating activities		1,085	525
Cash flow from investing activities			
Placements of bank deposits		(1,332)	(4,941)
Withdrawals of bank deposits		1,140	1,345
Purchase of intangible assets		-	(40)
Purchase of Property, Plant and equipment		(1)	(29)
Proceeds from sale of property, plant and equipment		-	3
Net cash (used in) / from investing activities		(193)	(3,662
Cash flow from financing activities			
Increase in share capital		101	3,291
Payment lease liability		(48)	(56)
Net cash flow from financing activities		53	3,235
Exchange rate difference effect on cash and cash equivalents		(15)	58
Net change in cash and cash equivalents		945	98
Cash and cash equivalents at the beginning of the year		577	421
Cash and cash equivalents at the end of the year		1,507	577

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 30.

Notes to the financial statements

1 Nature of operations and general information

JSC Green Insurance Georgia (the "Company"), was founded and registered in tax authority on May 13, 2013. The company carries out insurance activity and provides motor own damage insurance, accident insurance, property insurance, liability and other types of insurance.

On February 27, 2020, the company changed its name to JSC Kamara International Insurance Company and JSC Green Insurance continues to operate on behalf of Georgia. The company is a joint stock company, until December 7, 2015 it was a limited liability company. The company operates in accordance with the legislation of Georgia. The legal and factual address of the company is Ana Kalandadze Street # 4, Tbilisi, Georgia.

As of December 31, 2021, the number of shares listed by classes is as follows: Class A - 4,350,000 pieces, Class AA - 1,650,000 pieces, Class B - 4,051,059 pieces. The nominal value of all classes of shares is 1 (one) GEL.

As of December 31, 2021, the owners of A and AA class shares of the company were: JSC Metro Aurasia Investment Georgia - 50% and New Investment Opportunities Ltd - 50%, and the owners of B class shares: New Investment Opportunities LLC – 49.369%, JSC Metro Aurasia Investment – 43.692%, JSC Metro Atlas Georgia - 4.443% and JSC Metro Construction - 2.468%. The insurance license was given to the Organization on October 11, 2013, license certificate #NL013, issued by LEPL Insurance State Supervision Service of Georgia. In accordance with Order №05/4 of the Head of Insurance State Supervision Service of Georgia the company has been granted life insurance license on 2 November 2020. Governing body of the Company is supervisory board and the general assembly. Day to day activities of the Company are managed by general director of the Company. As at the years end 2021 and 2020 general director of the company is Eka Tsenteradze.

The ultimate controlling party of the company is Mr. Galif Ozturk.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). They have been prepared under the assumption that the Company operates on a going concern basis.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

2.3 Functional and presentation currency

The national currency of Georgia is the Georgian lari ("Georgian lari"), which is the Company's functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Company.

These financial statements are presented in thousand Georgian lari (unless otherwise stated), since management believes that this currency is more useful for the users of these financial statements. All financial information presented in thousand Georgian lari has been rounded to the nearest thousand.

2.4 Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 19 to the financial statements.

2.5 Adoption of new and revised standards

In the current year the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2021.

The nature and the effect of these changes are disclosed below.

New and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2021

New standards and amendments described below and applied for the first time in 2021 did not have a material impact on the annual financial statements of the Company:

Standard	Title of Standard or Interpretation
Various	*Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 16, IFRS 4, IFRS 7)*

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement.

Management does not anticipate a material impact on the Company's financial statements from these Standards and Amendments, they are presented below:

Standard	Title of Standard or Interpretation	Effective for reporting periods beginning on or after
IFRS 16	*COVID-19 Rent Related Concessions beyond 30 June 2021*	*1 April 2021*
IFRS 3	*References to the conceptual framework (Amendments to IFRS 3)*	*1 January 2022*
IAS 16	*Proceeds before intended use (Amendments to IAS 16)*	*1 January 2022*
IAS 37	*Onerous contracts – costs of fulfilling a contract (Amendments to IAS 37)*	*1 January 2022*
IFRS 1, IFRS 9, IAS 41, IFRS 16	*Annual improvements to IFRS Standards 2018-2020 cycle (Amendments to IFRS 1, IFRS 9, IAS 41, IFRS 16)*	*1 January 2022*
IFRS 17	*Insurance contracts*	*1 January 2023*
IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*	*1 January 2023*

IFRS 17	*Initial application of IFRS 17 and IFRS 9 – Comparative information (Amendment to IFRS 17)*	*1 January 2023*
IAS 1	*Classification of liabilities as current or non-current (Amendment to IAS 1)*	*1 January 2023*
IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*	*1 January 2023*

IFRS 9 "Financial instruments"

IFRS 9 "Financial Instruments " In July 2014, the IASB issued the final version of IFS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The company has decided to defer the application of IFRS 9 until the earlier of the effective date of the new insurance contracts standard (IFRS 17) of 1 January 2023, applying the temporary exemption from applying IFRS 9 as introduced by the amendments to IFRS 4 Applying IFS 9 Financial Instruments with IFRS 4 Insurance Contracts. In September 2016, the IASB issued amendments to IFS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFS 4 notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 (the "deferral approach'). At its meeting after in January 2018, the IASB tentatively decided to extend the use of the deferral approach to IFS 9 for a further year, so that the eligible entities would only be required to apply IFS 9 for annual periods beginning on or after 1 January 2023 at the latest. An entity may apply the temporary exemption from IFRS 9 if:

(i) it has not previously applied any version of IFRS 9 before and except for requirements relating to the presentation of income or loss on financial liabilities that the entity, in its sole discretion, has classified as measured at fair value through profit or loss; And

(in) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016.

The overlay approach allows an entity applying IRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

IFRS 17 "Insurance Contracts"

In May 2017, the IASB issued IFS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective approach is mandatory. However, if full retrospective approach is not possible for the insurance contract group, then the enterprise is required to choose either a modified retrospective approach or a fair value method

3 Significant accounting policies

3.1 Foreign currencies

Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the National Bank of Georgia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the National Bank of Georgia prevailing on the reporting date, which is 3.0976 Georgian lari for 1 US dollar and 3.5040 Georgian lari for 1 euro as of 31 December 2021 (31 December 2020: 3.2766 Georgian lari for 1 US dollar and 4.0233 Georgian lari for 1 euro). Non-monetary items are not retranslated and are measured at historic cost (translated using the exchange rates at the transaction date), except for non-monetary items carried at fair value that are denominated in foreign currencies which are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period.

3.2 Insurance contracts

Insurance contracts are those contracts that carry significant insurance risk at the time of signing, or those contracts that contain, at the time of signing, a scenario of commercial content in which insurance risk can be significant. A significant amount of insurance risk depends on both the probability of the insured event occurring and the extent of its possible impact. Once a contract falls under the category of insurance contracts, it remains an insurance contract for the remaining period, even if the insurance risk is substantially reduced during this time unless all rights or obligations are fulfilled or their term expires.

3.3 Insurance and reinsurance receivables

Insurance and reinsurance receivables are recognized based upon insurance policy terms and measured at cost. The carrying value of insurance and reinsurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with any impairment loss recorded in the statement of profit or loss.

Reinsurance receivables primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognized as revenue in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Amounts due to reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded and claims reimbursed are presented on a gross basis.

An impairment review is performed on all ceded share of technical provisions when a indicator of impairment occurs. Reinsurance receivables are impaired only if there is objective evidence that the Company may not receive all amounts due to it under the terms of the contract and that this can be measured reliably.

3.4 Insurance Contract liabilities

Insurance contract liabilities include the outstanding claims provision and the provision for unearned premium. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported (RBNS) or not (IBNR), together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. IBNR is calculated at the reporting date using past statistics.

The provision for unearned premiums (UPR) represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

General business contract liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. The liability is calculated at the reporting date using a range of standard claim projection techniques, based on empirical data and current assumptions. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

The reserve is recognized upon the entry into force of the contract and the accrual of the premium and is recorded as income from the premium during the contract period, in accordance with the insurance scheme of the contract. The carrying amount of the unearned premium on active policies for each reporting date is calculated based on the insurance period and the time remaining before the expiry of each insurance policy. The Company reviews inexhaustible risk based on the past operations of individual business directions to determine the overall change in expected requirements. The difference between the unearned premium reserve, the loss reserve and the expected insurance claims is recorded in the income statement.

3.5 Liability adequacy test

The adequacy of the liability is tested to determine whether the expected claims exceeds unearned premium (Less deferred acquisition cost).

3.6 Deferred acquisition costs

Deferred acquisition costs ("DAC") are capitalized and amortized on a straight line basis over the life of the contract. All other acquisition costs are recognized as an expense when incurred. Acquisition costs deferred consist of commissions to sales agents and brokerage companies assisting in policy issuance.

3.7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current accounts and bank deposits that mature within three months from the date of origination and are free from contractual encumbrances.

3.8 Financial assets

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus attributable transaction costs. The Company determines the classification of its financial assets upon initial recognition.

3.9 Regress and receivables

Regress and other receivables are recognized at their original invoiced value, Where the time value of money is material, receivables are carried at amortized cost.

3.10 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expense will not be offset in the statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

3.11 Allowances for impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the impairment loss is recognized in the statement of profit or loss and other comprehensive income

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of profit or loss and other comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. When an asset is uncollectible, it is written off against the related allowance for impairment. Such assets are written off after all necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the charge for impairment of financial assets in the statement of profit or loss and other comprehensive income. (Profit or Loss)

3.12 Derecognition of financial assets and liabilities

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- The Company either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3.13 Leases

The Company as a lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration".

To apply this definition the Company assesses whether the contract meets key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use;

Measurement and recognition of leases as a lessee

At lease commencement date, the Company measures the right-of-use asset at cost. The cost of right-of-use asset is made up initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, to restore the place where the asset is located, or to restore the lease asset to a condition required by the terms of the lease, unless those costs are incurred to produce the inventories. The lessee’s liability for such expenses arises either at the effective date of the lease term or as a result of the use of the leased asset for a specified period.

The Company depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate Implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets can be included in property, plant and equipment or presented separately and lease liabilities can be included in trade and other payables or presented as a separate liability.

3.14 Income tax

Income tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Company considers that it is probable (i.e more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction. Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity respectively. Income tax rate is 15%.

3.15 Capital

Share capital

Ordinary shares are classified as equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as share premium.

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

Transactions with owners presented separately in capital.

3.16 Income and expense recognition

Gross premiums and provision for unearned premiums

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods,

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums

Reinsurance premiums and provision for unearned premiums

Gross reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Insurance claims

Insurance claims include all claims occurring during the year, whether reported or not, claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries (subrogation), and any adjustments to claims outstanding from previous years

3.17 Impairment of non-financial assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an Impairment loss, If there is an indication of possible impairment and the estimate recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and al impairment loss is recognised immediately in profit or loss. Recoverable amount Is higher of fair value les costs to sell and value is use.

3.18 Joint Arrangements; Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control. A joint operation i a joint arrangement whereby the parties that have joint control of the arrangement have rights to thi assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joir operators. A joint operator shall recognise in relation to its interest in a joint operation: (a) its assets including its share of any assets held jointly; (b) its liabilities, including its share of any liabilities incurre jointly; (c) its revenue from the sale of its share of the output arising from the joint operation; (d) its share C the revenue from the sale of the output by the joint operation; and (e) its expenses, including its share any expenses incurred jointly.

3.19 Intangible assets

Intangible assets, which are acquired by the Company and which have finite useful lives, are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to profit or loss or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the intangible assets, which is estimated at 5 years.

3.20 Amounts due from credit institutions

Amounts due from the credit institutions includes funds placed in bank accounts from which the company receives interest income.

4 Net earned premium

Net earned premiums for the years ended December 31,2021 and 2020 comprise:

In thousand Georgian lari 2021	Gross premiums written	Premiums ceded to reinsurers	Net written premium	Change in the gross provision for earned premiums	Change in unearned premium provision, reinsurers share	Net earned premiums
Motor insurance	1,169	-	1,169	(116)	-	1,053
Compulsory MTPL	1,255	-	1,255	(20)	-	1,235
Guarantees related to state procurement and other liabilities	103	-	103	-	-	103
Machinery insurance	26	(15)	11	(2)	6	15
Property insurance	170	(141)	29	(84)	69	14
MTPL	59	-	59	(26)	-	33
Land carrier liability insurance	-	-	-	8	-	8
Construction risk insurance	8	(7)	1	1	-	2
Professional indemnity insurance	3	(3)	-	-	-	-
Travel insurance	-	-	-	-	-	-
Other types of liability insurance	262	(206)	56	(112)	88	32
	3,055	(372)	2,683	(351)	163	2,495

In thousand Georgian lari 2020	Gross premiums written	Premiums ceded to reinsurers	Net written premium	Change in the gross provision for earned premiums	Change in unearned premium provision, reinsurers share	Net earned premiums
Motor insurance	1,222	-	1,222	(210)	2	1,014
Compulsory MTPL	1,203	-	1,203	45	-	1,248
Guarantees related to state procurement and other liabilities	110	-	110	4	-	114
Machinery insurance	52	(2)	50	-	-	50
Property insurance	16	(7)	9	(12)	7	4
MTPL	13	-	13	(6)	-	7
Land carrier liability insurance	12	-	12	(8)	-	4
Construction risk insurance	7	(7)	-	-	-	-
Professional indemnity insurance	4	(3)	1	-	3	4
Travel insurance	-	-	-	-	-	-
Other types of liability insurance	39	(7)	32	(11)	2	23
	2,678	(26)	2,652	(198)	14	2,468

5 Gross benefits and claims paid

Gross benefits and claims paid for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	Period ended 31 December 2021	Period ended 31 December 2020
Insurance Contract liabilities		
Compulsory MTPL	118	93
Guarantees related to state procurement and other liabilities	65	34
Vehicle own damage insurance	120	16
MTPL	35	5
Machinery insurance	14	3
Motor own damage insurance (motorcycle)	6	-
	358	151

6 Income received by regression

Income received by regression for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	Period ended 31 December 2021	Period ended 31 December 2020
Guarantees related to state procurement and other liabilities	65	34
Motor insurance	10	7
Motor own damage insurance (motorcycle)	2	-
	77	41

7 Acquisition costs, net of reinsurance

Acquisition costs, net of reinsurance for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	Period ended 31 December 2021	Period ended 31 December 2020
Acquisition costs	112	33
Change in deferred acquisition costs	(3)	(2)
Reinsurance commissions	(49)	(1)
	60	30

8 Interest income

Interest income for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	Period ended 31 December 2021	Period ended 31 December 2020
Interest income in GEL	306	250
Interest income in USD	285	248
	591	498

9 General and administrative expenses

General and administrative expenses for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	Period ended 31 December 2021	Period ended 31 December 2020
Salary and other benefits	825	674
Membership fee	225	186
Consulting costs	26	110
Depreciation and amortization	85	102
Advertising costs	4	87
Supervisory fee	27	25
Audit fee	27	20
Utility costs	19	17
Bank fees	7	6
Communication costs	5	4
Other general and administrative expenses	55	42
	1,305	1,273

10 Net foreign exchange rate effect on foreign currency

Net foreign exchange rate effect on foreign currency for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	Period ended 31 December 2021	Period ended 31 December 2020
Foreign exchange gain	721	2,272
Amounts due from banks	646	2,099
Insurance and reinsurance receivables	56	93
Cash and cash equivalents	19	80
Trade and other liabilities	-	-
Foreign exchange loss	1,289	(1,218)
Cash and cash equivalents	(34)	(22)
Amounts due from banks	(1,148)	(1,138)
Insurance and reinsurance receivables	(100)	(58)
Trade and other liabilities	(7)	-
Foreign exchange net effect	(568)	1,054

11 Income tax expense

Income tax expense for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	Period ended 31 December 2021	Period ended 31 December 2020
Current profit tax expense	(138)	(399)
Deferred income tax expense	1	-
	(137)	(399)

	Period ended 31 December 2021	Period ended 31 December 2020
Profit before tax	859	2,252
Theoretical profit tax (15%)	(129)	(338)
The effect of temporary differences	(1)	(1)
The effect of permanent differences	(7)	(60
Profit tax expense	(137)	(399)

12 Insurance and reinsurance receivables

Insurance and reinsurance receivables for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	As of 31 December 2021	As of 31 December 2020
Insurance receivable in USD	498	511
Insurance receivable in GEL	309	84
Insurance receivable in EUR	8	4
Reinsurance receivables	14	4
Allowance for impairment	(23)	(2)
	806	601

Analysis of movement in allowance for impairment for insurance receivable:

	As of 31 December 2021	As of 31 December 2020
Balance at the beginning of the year	2	2
Net charge for the year	21	-
Balance at the end of the year	23	2

13 Amounts due from credit institutions

Amounts due from credit institutions for the year ended December 31, 2021 is presented as follows:

In thousand Georgian lari	Deposit	Interest	Total
Deposits In USD	11,229	91	11,320
Deposits in GEL	36	3	39
	11,265	94	11,359

Amounts due from credit institutions for the year ended December 31, 2020 is presented as follows:

In thousand Georgian lari	Deposit	Interest	Total
Deposits In USD	8,486	79	8,565
Deposits in GEL	3,035	106	3,141
	11,521	185	11,706

Bank deposits are presented in short-term (from three months to one year) and medium-term placements in Georgian banks, with an annual interest rate of 3% to 12% (2020: from 3% to 12%). Information on the amount of accrued interest is provided in Note 8. Funds placed in banks are classified as non-risky, given the fact that the banks where the company has deposits are trustworthy.

14 Cash and cash equivalents

Cash and cash equivalents for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	As of 31 December 2021	As of 31 December 2020
Cash at bank in foreign currency	444	40
Cash at bank in national currency	1,063	537
	1,507	577

15 Insurance contracts liabilities

Insurance contracts liabilities for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	Unearned premium provision	Reported but not settled	Incurred but not reported	Total insurance contract liabilities
As of 31 December 2019	347	44	-	391
Increase / (decrease)	198	6	1	205
As of 31 December 2020	545	50	1	596
Increase / (decrease)	351	12	-	363
As of 31 December 2021	896	62	1	959

16 Reinsurance assets

Reinsurance assets for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	As of 31 December 2021	As of 31 December 2020
Provision for unearned premiums-reinsurance	178	14
	178	14

Movement in provision for unearned premiums-reinsurance

In thousand Georgian lari	As of 31 December 2021	As of 31 December 2020
Balance at 1 January	14	-
Written premiums ceded to reinsurers during the year	372	26
Premiums ceded to reinsurers incurred during the year	(208)	(12)
Balance at 31 December	178	14

17 Accounts payable

Accounts payable for the year ended December 31, 2021 and 2020 is presented as follows:

In thousand Georgian lari	As of 31 December 2021	As of 31 December 2020
Payables to principals	425	485
Acquisition cost payable	179	4
Other payables	52	49
	656	538

18 Share capital

As of December 31, 2021, the Share Capital consists of 4,350,000 shares of Class A (total authorized amount 4,350,000 shares), 1,650,000 shares of Class AA (out of which total authorized amount 1,650,000 shares) and 4,051,059 shares of Class B (total authorized shares 9,000,000). The face value of each is 1 (one) GEL (amount is not given in thousands).

Class A 1 share provides 1 vote. 1 AA Class share provides 15 votes. Class B 1 share provides 1 vote, however, the Class B shareholder does not participate in the process of electing, challenging/dismissing a member of the Supervisory Board.

According to the minutes of the Extraordinary Shareholders Meeting of February 27, 2020, the retained earnings of GEL 2,359 were converted into 2,359,000 shares with a par value of GEL 1 (not given in thousands). These new shares were distributed to the following owners: JSC Metro Avrasia Investment Georgia - 825,000 shares of A class, 354,500 shares of B class and New Investment Opportunities LLC 825,000 shares of AA class, 354,500 shares of B class.

As of December 31, 2021, the owners of the Company's Class A and AA shares were: JSC Metro Avrasia Investment Georgia - 2,175,000 Class A and 825,000 class AA (50%) and New Investment Opportunities LLC (50%) – 2,175,000 Class A and 825,000 AA Class (50%), Class B shareholders: New Investment Opportunities LLC - 2,000,000 shares (49.3%), JSC Metro Aurasia Investment Georgia - 1,770,000 shares (43.6%), JSC Metro Atlas Georgia - 180,000 shares (4.4%) And JSC Metro Construction - 100,000 shares (2.4%).

In 2021, the company has authorized 5,000,000 share, from which 51,059 share sold. The nominal value of each is 1(one) GEL and selling price is 2 (two) GEL.

Retained earnings are the portion of net income remaining owned by the Company that is not distributed The company has not announced any dividends for 2021 and 2020.

19 Critical accounting estimates and judgments

The Company makes certain estimates and assumptions regarding the future. Estimates and judgment are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Liabilities arising from insurance contracts

The estimation of the ultimate liability arising from claims is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for those claims

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date can take a significant period of time before the ultimate claims cost can be established with certain General insurance claims provisions are not discounted for the time value of money.

The ultimate cost of IBNR is estimated by using a range of standard actuarial claims projection techniques, such as Chain ladder method; the main assumption underlying this technique is that company's past claims development experience can be used to project future claims development an hence ultimate claims costs, As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed monthly development of pas year and expected loss ratios

Allowance for impairment of insurance receivables and reinsurance receivables

The company regularly reviews its insurance receivables to assess impairment. For accounting purposes, the Company uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognised when objective evidence of a specific loss event has been observed. Triggering events include significant financial difficulty of the customer and/or breach of contract such as default of payment. The amount of allowance is reduced by an amount of debt that the company has adequate reasons to believe will be recovered. Management judgment is that historical trends can serve as a basis for predicting incurred losses and that this approach can be used to estimate the amount of recoverable debts as at the reporting period end.

20 Financial risk management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Financial risk comprises market risk (including currency risk, Interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

In thousand Georgian lari	As of 31 December 2021	As of 31 December 2020
Amounts due from credit institutions	11,959	11,706
Insurance and reinsurance receivables	806	601
Cash and cash equivalents	907	577
Receivable from regress	15	13
	13,687	12,897

Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk which result from both its operating and investing activities.

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

Most of the Company's transactions are carried out in Georgian lari. Exposures to currency exchange rates arise from the Company's vehicles insurance, bank deposits and lease liability, which are primarily denominated in US dollars.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated into Georgian lari at the closing rate:

In thousand Georgia lari 2021	US dollar	Euro
Financial assets		
Insurance and reinsurance receivables	498	8
Cash and cash equivalents	444	-
Amounts due from credit institutions	11,320	-
	12,262	8

In thousand Georgia lari		
2020	US dollar	Euro
Financial assets		
Insurance and reinsurance receivables	510	4
Cash and cash equivalents	40	-
Amounts due from credit institutions	8,566	-
	9,116	4

The following table details the Company's sensitivity to a 15% increase and decrease in Georgian lari against US dollar. 15% represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 15% change in foreign currency rates.

If Georgian lari had strengthened against US dollar and Euro by 15% then this would have had the following impact:

In thousand Georgian lari	EUR impact 2021	US dollar impact 2021	EUR impact 2020	US dollar impact 2020
Profit or loss	1,839	1	1,367	1

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

Interest rate risk

The Company is not exposed to interest rate risk as financial instruments are at fixed rates.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations.

The Company's policy is to run a prudent liquidity management policy by means of holding sufficient cash and bank balances, as well as highly liquid assets for making all operational and debt service related payments when those become due.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

2021	Less than a year	1 to 5 years	Total
Financial assets			
Insurance and reinsurance receivables	806	-	806
Receivables from regress	15	-	15
Cash and cash equivalents	907	-	907
Amounts due from credit institutions	11,959	-	11,959
	13,687	-	13,687
Financial liabilities			
Insurance contracts liabilities	64	-	64
Other insurance liabilities	80	-	80
Lease liability	57	45	102
Tax liabilities	-	-	-
Account payable	657	-	657
	858	45	903

2020	Less than a year	1 to 5 years	Total
Financial assets			
Insurance and reinsurance receivables	601	-	601
Receivables from regress	13	-	13
Cash and cash equivalents	577	-	577
Amounts due from credit institutions	11,706	-	11,706
	12,897	-	12,897
Financial liabilities			
Insurance contracts liabilities	51	-	51
Other insurance liabilities	15	-	15
Lease liability	44	-	44
Tax liabilities	34	-	34
Account payable	538	-	538
	682	-	682
Difference	12,215		12,215

21 Capital risk management

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- To retain financial flexibility by maintaining strong liquidity;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.

The operations of the Company are also subject to local regulatory requirements within the jurisdiction where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimize the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

The Company's capital management policy for its insurance and non-insurance business is to hold sufficient liquid assets to cover statutory requirements based on the ISSSG directives.

Regulatory requirements

The insurance sector in Georgia is regulated by the Insurance State Supervision Service of Georgia (*ISSSG"). The ISSSG imposes minimum capital requirements for insurance companies These requirements are put in place to ensure sufficient solvency margins.

- According to the ISSSG directive Ne27, issued on 25 December 2017, the minimum capital from 31 December 2018 throughout the period should be not less than GEL 4.200 (in thousands) and the Company should, at all times, maintain total of this amount in either cash and cash equivalents or in bank balances. Order of the Head of the State Insurance Supervision Service of Georgia According to No45, the minimum amount of own capital at all stages of the insurance activity must be a) Life insurance: 7,200 GEL - from December 31, 2021; B) Insurance (non-life) except for compulsory liability insurance, liability insurance and credit liability insurance: GEL 4,800 - from 31 December 2021, c) Insurance (nor-life) - compulsory liability insurance, liability insurance and liability insurance Including: 7,200 GEL - from December 31, 2021 and d) Reinsurance: 7,200 GEL

- from 31 December 2021, The amount should be placed in the form of cash, other cash equivalents and cash placed in banks.

- The company makes certain adjustments to the IRS equity in these statements of financial position in order to arrive to the ISSSG prescribed capital.
- The Company manages its capital requirements by preventing shortfalls between reported and required capital levels on a regular basis, in order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid or inject further capital.

The Company was in compliance with the externally imposed capital requirements at the end of the reporting period and no changes were made to its objectives, policies and processes from the previous year for managing capital.

The Regulatory Capital is determined based on the IFRS equity, adjusted for, for example, investments in subsidiaries and associates, unsecured loans and borrowings ect as prescribed by the ISSSG directive Ne16. As at 31 December 2021 and 2020 these financial statements were authorized for issue, the Company was in compliance with the level of Regulatory Capital in excess of to RSM.

22 Contingent liabilities

22.1 Bank guarantees

The company use a bank guarantee from one of the banks, the value of which as of December 31, 2021 and 2020 was GEL 35 thousand. The subject of the mortgage is a term deposit The deposit amount is GEL 35 thousand.

22.2 Tax legislation

The taxation system in Georgia is relatively new and is characterized by frequently changing legislation, which is often subject to interpretation. Often differing interpretations exist among various taxation authorities and jurisdictions. Taxes are subject to review and investigations by tax authorities, which are enabled by law to impose severe fines and penalties.

These facts may create tax risks in Georgia substantially more than in other developed countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

23 Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

In thousand Georgian lari	Lease liabilities
as of 31 December 2020	44
Cash-flows	
Repayments (Interest & Principal)	(60)
Non-cash	
Proceeds	115
Interest accrual	3
As of 31 December 2021	102

24 Related parties

The Company's related parties include, parties have the ability to control the entity (owners) or exercise significant influence over the other party in making financial or operational decisions, Common control entities and management of the company.

25 Transactions with related parties

During the reporting year the Company had the following transactions with the related parties and as of the reporting date had the following outstanding balances.

In thousand Georgian lari

Transactions	Year ended 31 December 2021	Year ended 31 December 2020
Entity under common control		
Gross premiums	167	785
General and administrative expenses	-	66
Other expenses	-	370
F/X effect on foreign currency	3	30
	170	1,251

In thousand Georgian lari

Outstanding balances	As of 31 December 2021	As of 31 December 2020
Entity under common control		
Insurance and reinsurance receivables	9	449
Insurance contract liabilities	-	310
	9	759

In thousand Georgian lari

	Year ended 31 December 2021	Year ended 31 December 2020
Top management salary and other benefits	121	110
	121	110

26 Subsequent events

On the 24th of February, Russia initiated a full-scale war in Ukraine, which in turn the world has attracted the attention of the European Union and the United States, as well as others. In order to end the war, decided to impose sanctions on Russia. Sanctions include economic, social and political constraints that can have an impact not only companies in Russia, but also those who have business relationships with these companies.

Despite the fact that imposed sanctions on Russia, will have an impact on economic relations, at this point it is impossible to estimate accurately enough the scale of this impact of events on the company and its activities. The company has no economic relationships with companies based in Russia.

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